

**5/31/77**

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Mtg in  
Cong committees  
week of May 30  
May 30

THE WHITE HOUSE  
WASHINGTON

No cash  
program 1 0.1/gal

#1 Priority → worse

Prod ↓ 6%/yr Imports 2x/5yr  
\$40 B/l

Conserve, → Coal 44% steel 10% oil

Insulation homes - Waste 50%

Trade deficit \$25 B/l (0.1-4)

Princ Gov't = Econ grow = embargoes  
fair = conserve = predictable =  
Prices/cost = new sources

Goals 2% growth = gasoline - 10% =  
imports 6 mbd = reserve = coal + 2/3  
insulate 90% homes = solar

Nat gas - '78 - Equiv to fuel oil

Wellhead Tax

Gas guzzler tax

Inter-Intrastate gas 30/20 Trillion

Gasoline tax

Oil/gas tax large users → coal

Oil Co profits  
\$9 1/2 Bil '85 → \$120 Bil dereq  
\$4 1/2 Bil/yr unutilized cash flow  
Paying off long term debt

—  
Total gas sales —

1 1/2 Trillion gas → Coal  
4#

Pollution

Satisfied - as  
with doubt

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

May 31, 1977

2  
✓

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*  
SUBJECT: Farm Price Supports

Prior to your last news conference, you asked about the difference in cost between the Senate and House versions of the farm bill and our proposal.

I know you were concerned, as I was, with the figures that OMB presented, since they appeared to be well over the figures we agreed upon with the Department of Agriculture.

It appears that the higher figures presented by OMB included a number of miscellaneous items, such as dairy price supports.

I have checked with the Department of Agriculture and have confirmed that under the proposal which Secretary Bergland has presented on behalf of the Administration to Congress for feed grains, rice, wheat and soybeans, it would average roughly \$1.9 billion per year. This would include an estimated cost of \$2.3 billion in 1978 and an estimated cost of \$1.85 billion in 1979. The House bill would average \$2.25 billion using the same assumptions as our proposal. The Senate would average \$3.8-\$4.0 billion.

The Department of Agriculture confirmed to me that they have never told anyone in the House or the Senate that you would sign the House version, but have indicated that you would veto the Senate version with its current cost.

I will be glad to provide any additional information if you feel it is still necessary.

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THE WHITE HOUSE

WASHINGTON

ADMINISTRATIVELY CONFIDENTIAL

May 30, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

FRANK MOORE

SUBJECT:

Weekly Legislative Report

1. ENERGY

Energy Plan: In the House, Dingell's Energy & Power Subcommittee and the Ways & Means Committee completed their full scale hearings last week. Both will have one remaining "open season" session on June 1. Energy & Power begins markup immediately thereafter, running from June 2 - 17. Ways & Means markup begins June 6. The Housing Subcommittee (Banking, Finance & Urban Affairs) is still conducting hearings on its portion of the insulation provisions with no cutoff date announced.

-- It can be reasonably assessed that the Administration bill is in some trouble in both Ways & Means and in Energy & Power. Preliminary feedback is that Members still are having trouble evaluating the plan due to lack of specific numbers on the economic impact of various provisions.

-- In Ways & Means, the gas guzzler tax and gasoline tax appear to be in particular trouble. On the wellhead tax, producer oriented conservatives oppose what they consider a deterrent to production while the liberals are leaning toward the attitude that prices will rise too high. A growing sentiment is that the Administration has not convincingly shown that the tax proposals would achieve their stated goals. Some members feel the proposals are too weak, some feel they hit industry and the Southwest and Sunbelt too hard, others feel that the proposals would have no effect at all beyond the already mandated fleet miles-per-gallon averages. Several members of the Committee are also concerned with the international problems which might be involved in successfully implementing the gas guzzler tax. Some members have suggested that either international trade agreements may be violated or else the U.S. will end up subsidizing foreign countries, if the tax were enacted. However, Chairman Ullman has defended the gas guzzler tax (in a hearing involving the auto industry and UAW) as an immediate consumer level incentive to purchase energy conserving cars. What is clear is that with few exceptions (Gibbons, Pike, Corman), Ways & Means members do not have full confidence in the tax proposals.

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-- As a yardstick on the gasoline issue, the House rejected a 20¢ tax increase proposal in 1975 by a lopsided vote of 334-76. Of the 37 members of the Committee who were in the 94th Congress, only 8 voted for this tax (Ullman, Burke, Rostenkowski, Vanik, Corman, Rangel, Jacobs, Fisher). No Republicans voted for it. The four new members of the Committee (Jenkins, Gephardt, Tucker, Lederer) are unknowns on the record, but Gephardt has proposed a transportation-oriented amendment to the Administration bill which is being reviewed by Dr. Schlesinger's staff. Ullman has encouraged Gephardt to pursue the amendment and Mikva and Tucker have indicated support. The amendment deletes rebates and per-capita payments and applies these revenues to a special fund under the aegis of the Highway Trust Fund for R&D and transportation block grants to states.

-- Chairman Ullman has indicated the Committee will be looking at alternatives in markup, including an allocation proposal submitted by the AFL-CIO. Members have begun to ask what alternatives the Administration may propose.

-- The oil and gas industry, in testimony last week before Ways & Means, made the case against the Administration proposal. There were proposals for alternatives, arguments for deregulation, free market pricing, and the expressed conviction that much more oil and gas remains to be discovered than the Administration is estimating (this supply issue was also raised in Energy & Power hearings last week). The witnesses agreed that if deregulation emerged from Committee, new oil and gas would materialize, but if the taxing provisions sought by the Administration are approved, there would not be enough incentive for exploration, the result being greater dependence on foreign imports. One alternative proposed would be a production level tax, along the lines of a windfall tax, to replace the multi-tiered taxing structure proposed by the Administration, to be phased out over four years. At Chairman Ullman's request, the industry will also offer different versions for defining "new" oil.

-- The utilities industry, testifying before both Energy & Power and Ways & Means, expressed opposition to the proposed user tax and estimated that within three years, electric rates would increase 100%, with the Southwest hardest hit. The industry also disputed the Administration estimate that conversions would cost \$35 BILLION, claiming this figure would be a minimum of \$50 BILLION and broach \$71 BILLION over a ten-year span. Regarding the Administration utility policy recommendations, opposition has been expressed from state levels (as well as industry) because of support for a greater role for states than envisioned by the bill.

-- Dr. Schlesinger and White House congressional liaison staff intend to conduct interviews with key energy Members to get a better reading on how the plan is likely to fare in the House.

Energy Department: The House is scheduled to begin floor consideration of the bill next Thursday. Possible floor amendments include: 1) an amendment by Rep. Moss to strike the Secretary's authority to regulate the well-head price of natural gas through the Economic Regulatory



Administration and give that authorization to the Federal Energy Regulatory Commission; 2) an amendment by Rep. Moss to limit the Secretary's authority to issue regulations of general applicability under the Federal Power Act and the Natural Gas Act. The amendment would require the Secretary to submit regulations to the Energy Regulatory Commission for review and comment. If the Commission has reservations about the regulations, the Secretary must either take them into account in promulgating the final regulations or issue a public statement explaining his reasons for not doing so; 3) an amendment by Rep. Conyers to establish the Department of Energy as the sole importer of foreign petroleum and petroleum products; 4) an amendment by Rep. Moss to establish an Office of Energy Research within the Department; 5) an amendment by Rep. Dodd to include in the Energy Department an Office of Technology Transfer to provide a mechanism to make the results of energy research available to the public; and 6) an amendment to place the Nuclear Regulatory Commission within the Department of Energy.

## 2. APPROPRIATIONS

-- The full House Appropriations Committee has completed markup of 7 major bills which are summarized below:

<u>Appropriations Bill</u>	<u>Requested 1978 Budget Authority</u>	<u>House Appro- priations Committee Report</u>	<u>Change</u>
Agriculture:			
Commodity Credit Corporation ..	1,234	524	-710
Other .....	11,683	12,134	+451
Housing and Urban Development and Independent Agencies .....	70,718	70,230	-488
Labor/HEW:			
Labor .....	6,205	5,525	-680
HEW .....	53,094	54,541	+1,447
Other .....	1,118	1,268	+150
Public Works-ERDA:			
ERDA .....	6,272	5,916	-356
Public works/other .....	3,881	4,093	+212
State, Justice, Commerce/ Judiciary .....	7,390	7,618	+227
Transportation .....	6,167	6,138	-29
Treasury/Postal Service/ General Government .....	7,593	7,547	-46



Agriculture: The Committee cut the Community Credit Corporation account by \$710 million, since these funds were provided in the 1977 Supplemental bill. It added \$361 million for domestic food programs and \$72 million for rural development assistance. The Committee also increased rural development loans -- which do not count as budget authority -- by \$1.6 BILLION over the budget request.

HUD/Independent Agencies: Committee reductions include a cut in HUD's budget by \$225.5 million (including \$175 million for subsidized housing) and a cut of \$150 million in the request for countercyclical assistance.

Labor/HEW: The bill is technically \$917 million over the budget request, but, according to OMB, after adjustments are made involving program phasing and uncontrollable items, the true increase is about \$1.8 BILLION over the February budget. Rep. Michel's (R-Ill) amendment (which lost by 1 vote) to cut \$563 million from the bill affected such politically sensitive areas as the elderly, handicapped, teachers, disadvantaged (blacks and other minorities), and health generally. The Senate Labor/HEW Appropriations Subcommittee marked up its version of the bill last Thursday and Friday. The Committee's official figures show the bill reported from subcommittee to be about \$450 million above the budget, but, according to OMB, this includes over a \$1.5 BILLION accounting cut to uncontrollable welfare programs. In reality, OMB believes that the Senate Subcommittee added about \$700 million of controllable labor and health items to the House bill, for a total of about \$2.5 BILLION in controllable add-ons above the budget request.

Public Works/ERDA: The Committee restored funding for 17 of the 18 water projects proposed for deletion and criticized the Administration for evaluating the projects using cost factors not authorized by law. ERDA appropriation requests were reduced by \$356 million, with about \$105 million cut from national security items (including weapons) and \$132 million cut across the board as part of the Committee's overall 3% appropriation reduction to reduce the spending impact of the bill. Breeder reactor funding is at the requested level.

State/Justice: The Committee added \$341 million for SBA loans and cut LEAA by \$105 million. 600 positions were added to the Immigration and Naturalization Service.

Transportation: The bill was approved at almost exactly the requested level of budget authority, with reductions to railroad programs offsetting some increases to highway programs. The bill includes an obligational limitation on federal-aid highway spending.

Treasury/Postal: The bill is near the budget request. Funds for the Executive Office of the President were cut by \$1.4 million, with \$1.0 million reduced for unanticipated needs and the rest cut from the Office of Drug Abuse Policy, the Office of Federal Procurement Policy, and the Vice President's residence fund.



### House Subcommittee Mark-Ups

Foreign Assistance: The Foreign Operations Subcommittee reported a bill to the full Committee \$852 million under the request (\$7.6 BILLION). The reduction includes deferred action on funding for Portugal, pending a hearing this week (AID does not anticipate problems in getting full funding). Other reductions include cuts in international financial institutions.

Defense: The Subcommittee cut the request of \$113.9 BILLION by \$2.7 BILLION in budget authority. Major reductions include: \$391 million for intelligence activities, \$120 million for M60 tanks, \$289 million in the AO Fleet Oiler, \$232 million for general shipbuilding (some offset by transfers). The bill includes unrequested funds for C-130 aircraft (\$124 million) and A-7 aircraft (\$72 million). The bill includes a recent budget amendment requesting \$194 million for a nuclear powered, Virginia class cruiser.

Military Construction: The Subcommittee reduced the \$3.0 BILLION request by about \$200 million.

Interior: Preliminary indications show a Subcommittee reduction of about \$500 million from the requested \$10.0 BILLION.

### Overall Appropriations

-- The House Appropriations Committee has now marked-up in either full committee or subcommittee all of its major regular appropriations bills (D.C. and Legislative Appropriations are the two remaining bills to be considered). The bottom line shows committee action at about \$1.4 BILLION below the budget for domestic and foreign assistance programs and \$2.7 BILLION below for defense, with a grand total reduction of about \$4.1 BILLION. According to OMB, the non-defense savings are illusory since they do not account for technical manipulations in the Labor/HEW bill and in the Agriculture bill which, if both offset, would immediately wipe out the entire \$1.4 BILLION. (With the exception of last year, since 1943, Congress has cut total appropriations.)

-- House floor action on appropriations bills has been tentatively scheduled as follows:

- June 8 -- Treasury/Postal; Transportation
- 9 -- Interior
- 10 -- State/Justice
- 13 -- Public Works
- 14 -- HUD
- 15 -- Labor/HEW
- 16 -- Agriculture
- 17 -- Military Construction
- 20-24 -- Defense; Foreign Assistance

Upcoming Senate subcommittee mark-ups include Treasury/Postal (June 7), Transportation (June 7), Public Works (June 8), and Defense (June 9).



### 3. TUNA/PORPOISE

-- The bill, scheduled for House floor consideration, increases the 1977 porpoise quota from 59,050 to 78,900, authorizes observers to be placed on vessels, provides financial incentives to reduce the porpoise kill rate, fines those who exceed the kill rate, requires the tuna industry to provide a research vessel for the Commerce Department as a condition for receiving a general permit and regulates the transfer of U.S. vessels to foreign registry.

-- Commerce reports that there are five amendments, sponsored by Rep. McCloskey (R-Cal), which are being pushed very hard by the environmental lobbyists. The environmentalists feel that they have a chance to pass at least two of these amendments: one would raise the penalty fee on the Eastern Spinner to \$100 rather than the \$32 now set in the bill; the other amendment is a milder form of phased reduction than was in the Administration bill. There is some embarrassment by pro-phased reduction Democratic members of the Merchant Marine and Fisheries Committee (such as Gerry Studds, Mass.) who do not like to be in the position of following the lead of Rep. McCloskey.

-- Some of the members of the Committee, notably Paul Rogers, are looking into the Administration's amendment on phased reduction to see if they could substitute a stronger phased reduction amendment for the McCloskey amendment. This is still in a nebulous stage. Because of the speed at which this bill came up and the difficulty of understanding its real purposes, many Members are having a hard time deciding how to vote on it. Even Chairman Murphy is having a difficult time assessing what will happen during floor debate.

-- Those involved in the Administration effort will be meeting Tuesday morning to make a final assessment as to chances of winning Administration supported amendments on the House floor.

### 4. FARM BILL

-- Agriculture believes that the closeness of last week's Senate vote (45-50) on the Muskie amendment to lower the \$2.90 target level for wheat to \$2.65 (the present House committee level) should leave Chairman Talmadge in a fairly strong position to be able to accede in conference to the expected lower House figures. The House is not expected to complete its bill until about mid-July. Agriculture is concerned that further escalation of veto talk by the Administration could cause backlash that would result in a campaign getting started in the country to force the Senate to "get tough" in conference.

FLOOR ACTIVITIES FOR WEEK OF JUNE 1

House

Wednesday -- H.R. 6970, Marine Mammal Protection Act Amendments. To be managed by Chairman John Murphy, (Merchant Marine and Fisheries).

-- H.R. 6967, Peace Corps Authorization. To be managed by Rep. Harrington, Chairman, International Development Subcommittee (International Relations).

Bill Summary: The bill authorizes \$81 million for the Peace Corps in FY 1978, and such sums as may be necessary for increases in salary, pay, retirement or employee benefits. ACTION supports the bill.

Thursday &

Friday -- H.R. 6802, Department of Energy Organization Act. To be managed by Chairman Brooks (Government Operations). Amendments from the Post Office and Civil Service Committee to be managed by Rep. Schroeder, Chairwoman, Employee Ethics and Utilization Subcommittee.

Senate

The Senate will not be in session this week.



THE PRESIDENT HAS BEEN

THE WHITE HOUSE

WASHINGTON

Week Ending 5/27/77

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MEMORANDUM FOR THE PRESIDENT

FROM:

HUGH CARTER *HC*

SUBJECT:

Weekly Mail Report (Per Your Request)

Below are statistics on the mail situation:

<u>INCOMING</u>	<u>WEEK ENDING 5/20</u>	<u>WEEK ENDING 5/27</u>
Presidential	45,094	39,863
First Lady	3,786	2,368
Amy	1,258	932
<u>Other First Family</u>	<u>137</u>	<u>126</u>
TOTAL	50,275	43,289

↓

<u>BACKLOG</u>	<u>WEEK ENDING 5/20</u>	<u>WEEK ENDING 5/27</u>
Presidential	17,000	8,000
First Lady	1,000	500
Amy	1,000	500
Miss Lillian	0	0
<u>Transition</u>	<u>0</u>	<u>0</u>
Total	19,000	9,000

↓

DISTRIBUTION OF PRESIDENTIAL MAIL ANALYZED

	<u>WEEK ENDING 5/20</u>	<u>WEEK ENDING 5/27</u>
Agency Referrals	51%	46%
WH Correspondence	28%	31%
Direct File	9%	9%
White House Staff	9%	9%
<u>Other</u>	<u>3%</u>	<u>5%</u>
Total	100%	100%

See Notes on Following pages

cc: Senior Staff

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MAJOR ISSUES IN  
CURRENT PRESIDENTIAL ADULT MAIL  
Week Ending 5/27

ISSUE	PRO	CON	COMMENT ONLY	NUMBER OF LETTERS IN SAMPLE
Support for Pres.'s Energy Proposals	23%	17%	60%	1,224
Pres.'s Consideration of Amnesty for Illegal Aliens	2%	97%	1%	414
Support for Pres.'s Proposal re: Increase in Social Security Taxes	2%	67%	31%	294
Pres.'s Decision re: Major General Singlaub	12%	86%	2%	529
Support for Funding Child Development Program & Family Planning Clinic in Ohio	90%	0	10%	67
Support for Five-day Mail Delivery	2%	86%	12%	262
Pres.'s Proposal re: Withdrawal of Troops from South Korea	9%	88%	3%	206
Pres.'s Proposal re: Walk-In Voter Registration	0	100%	0	1,098
TOTAL IN SAMPLE				4,094



#### MAIL SUMMARY - WEEK ENDING MAY 27, 1977

The following statements are based on debriefings of mail analysts during the week.

#### SINGLAUB SUPPORT TIES WITH YOUNG CRITICISM

President Carter is being lambasted in the mail for recalling and subsequently reassigning Major General John Singlaub, and many of these same writers are cutting down "that troublemaker" Andrew Young, as they argue in favor of the Major General. So many writers ask, "Why shouldn't he (Singlaub) be able to speak his mind? This is supposed to be an open administration." Other people tie in the criticism that Young, as UN Ambassador, has made "grossly amateurish and ill-advised" comments in South Africa. "Why isn't he (Young) recalled," asks the writers. Many people resort to name calling.

Letters related to the Singlaub reassignment contain ominous forecasts of war if U.S. land forces are withdrawn from South Korea. And people, showing their fears and anxiety over possible war, plead with the President to keep the 33,000 troops stationed there.

#### "WALK-IN REGISTRATION MEANS WIDESPREAD FRAUD"

The campaign against walk-in voter registration continues as thousands of people using various forms of correspondence urge the President to forget plans of support for walk-in voter registration. Over the past two weeks about 83,000\*form cards have been sent to the White House by people opposed to the idea. Several thousand form letters and hundreds of individually written letters from people all over the country have also been sent with the same point being made: walk-in voter registration will lead to widespread fraud and should not be implemented.

#### NEWS COVERAGE FANS FIRE AGAINST ILLEGAL ALIENS

President Carter's statement on California television station KNXT-TV pertaining to "undocumented workers" or aliens, along with comments made by others on a recent CBS-60 Minutes program on the same subject have stoked sentiment against illegal aliens. Many writers dispute the President's comment that "With the exception of a few Indians, we are all immigrants." Basically, they use his statement as a stepping-stone to leap onto the broad topic of illegal aliens and to express how much they detest the "fact" that these people are "stealing" jobs away from U.S. citizens, as well as pilfering benefits from welfare programs. The 60-Minutes program, which focused on aliens and pointed out alleged irregularities within welfare programs, has prompted people to ask the President to demand documentation of exactly who is on the welfare rolls. The few letters favorable of illegal aliens are from Hispanic groups.

\* form cards not included in Presidential mail report



### WRITERS POST OPPOSITION TO FIVE-DAY MAIL DELIVERY

Elderly persons, rural residents and others are telling the President that they are not very open to the proposed five-day mail delivery plan. Some people even go so far as to advise the President that he should not be worried about any deficit in the Postal Service budget because "after all, it's a government agency, right?" The other Postal Service related mail concerns the cost of postage stamps. People are not too crazy about paying 16 cents for a stamp, "considering we are getting such lousy service."

### RETURN OF THE B-1 BOMBER MAIL

The long-standing campaign and post-election issue of whether or not to appropriate funds for the construction of any more B-1 bombers is reflected in another surge of individual and form letters coming in from persons opposed to construction of the aircraft. Many people feel the funds should be used to support drastically needed social programs.

### MISCELLANEOUS

CALIFORNIA TRIP -- Many California residents, as well as others across the country, were impressed with the President's recent trip to the Golden State: "Just a quick note to say EXCELLENT...DARING ON YOUR PART...REFRESHING...and very unique. All of this reflects my feeling about your question and answer session with the people of Southern California. I had to keep my television set on the whole hour-and-a-half. Thank you very much for being the kind of President you are... available, open, and not afraid to take the risk of 'doing it different.'"

SINGLES -- Single taxpayers, including widows and widowers, contend that the new tax structure is discriminatory, and some people even claim that the President is trying to force individuals to "stop living in sin."

CHILD PORNOGRAPHY -- Letters and cards are arriving with an appeal that the President do something about child pornography and obscene material "that can damage the health of our precious children."

THANKS -- Kay Sinnett, of Longview, Washington writes: "My husband Dick and I were on the Pan Am plane that crashed with the K.L.M. plane in the Canary Islands on Tenerife March 27th. I want to express our thanks and gratefulness to you for sending the plane to pick us up. Our care on the plane home was wonderful. The captain that was in charge was super, along with the nurses. It was amazing the calm on that long flight home...."